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NATIONAL INTELLIGENCE DAILY CABLE

Friday June 17, 1977

CG NIDC 77-140C

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Friday, 17 June 1977

The NID Cable is for the purpose of informing senior US officials.

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EGYPT-USSR: Fahmi's Moscow Trip Page 2

SPAIN: Election Analysis Page 3

NAMIBIA: Situation Report Page 5

VIETNAM: Food Situation Page 6

SOUTH AFRICA: Soweto Anniversary Page 8

25X1

INDIA: Elections Page 10

25X1

TURKEY: Political Maneuvering Page 12

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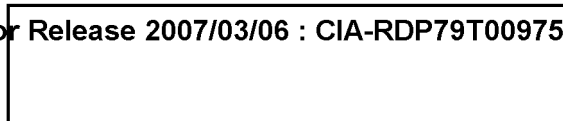
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EGYPT-USSR: Fahmi's Moscow Trip


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 Egyptian Foreign Minister Fahmi has privately admitted that his recent trip to Moscow produced no concrete results. The Egyptians are nevertheless putting the best possible face on the visit. They seem to be emphasizing the positive in order to improve chances for more substantive progress in the next round of talks with the Soviets, now tentatively scheduled for late August.


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 In a recent meeting with Ambassador Eilts, Fahmi characterized the visit as a "beginning" and implied that he had expected this first round of discussions to be inconclusive. Fahmi noted, however, that Soviet Foreign Minister Gromyko had not insisted--as he apparently had during talks with Fahmi last November--that restoration of the Soviet-Egyptian friendship treaty must accompany any improvement in bilateral relations. Fahmi also seemed assured that his next meeting with Gromyko would be held in Cairo at the end of summer, as planned.

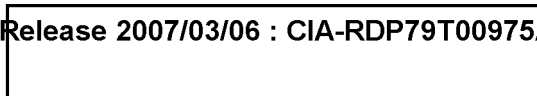
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 An Egyptian diplomat who participated in some of the talks told US officials that the discussions focused almost exclusively on bilateral political relations and served to clear the air, at least in a general way. He felt that both sides had tacitly agreed to moderate press criticism of one another. General Secretary Brezhnev apparently took Fahmi to task during their private meeting over Egypt's anti-Soviet propaganda campaign, but otherwise their talks apparently went well and the general mood of the visit lightened considerably as a result.

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 The Egyptians, according to the diplomat, thought the visit ended with a clear signal from the Soviets that they will deal with specific issues, such as a resumption of arms deliveries and rescheduling of Egypt's debt, in the next round of talks if the political atmosphere remains positive.

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25X1 [] The Egyptians, as Fahmi implied, probably expected little more than this and seem to be trying to hold up their side of the bargain. The media have continued to play up the positive aspects of the visit and the optimism it has inspired among Egyptian officials.

[]

25X1 SPAIN: Election Analysis

25X1 [] *Spanish voters turned out in massive numbers on Wednesday to elect a new parliament that will permit King Juan Carlos and Prime Minister Suarez to continue the job of democratic reform.*

25X1 [] The comfortable plurality of almost 35 percent of votes for the lower house and a de facto absolute majority in the upper house won by Prime Minister Suarez' center-right Union of the Democratic Center is a vote for moderation that will help the government obtain the confidence of business and financial interests. The center plurality is also likely to be able to draw necessary support from moderate leftists and rightists with mutual interest in democratic reform. This victory eases the task of making the new Cortes a workable, democratic institution that can deal with the urgent national issues it faces.

25X1 [] By giving the second largest vote of 26 percent to the Spanish Socialist Workers Party--known by its pre - Civil War acronym PSOE--the voters have strengthened the moderate Socialist leadership of PSOE leader Felipe Gonzalez. The strong Socialist showing is crucial testimony to the honesty of the elections and gives the new political system the needed approval in Western Europe. The vote also makes it clear that Suarez will have to take Socialist views into account in framing a new constitution and in his economic and social proposals.

25X1 [] The US embassy notes that although the Socialists present some disturbing aspects, including their negative attitude

on US bases and NATO membership, it is nonetheless clearly preferable to have them the major party on the left rather than the Communists, as in Italy.

25X1 [] The wide gap of 18 percent of the votes between the second place PSOE and any other party will make it unnecessary for Suarez to key his program to the demands of a multitude of parties.

25X1 [] Suarez is likely to appoint a cabinet that is committed to evolutionary reform and expert in managerial skills. He will probably retain some members of the present cabinet. Since he is so close to having a majority in the lower house, Suarez probably will not try for a formal coalition, but may instead seek informal cooperation from various moderates on the right and left. A principal problem is that the Democratic Center is made up of a number of parties and personalities that united for the election. Some may now want to go their separate ways, and Suarez' considerable political skill will be tested in keeping these groups with him.

25X1 [] Although PSOE public statements in recent weeks have been slightly encouraging over a possible coalition with Suarez' party, this may have been an election tactic rather than a change from the earlier strong preference of Socialist leaders for remaining in opposition. In fact, Gonzalez has issued four conditions that Suarez must meet for Socialist cooperation in the government. They are almost impossible for the Prime Minister to accept:

- Complete amnesty for all political prisoners.
- Legalization of all political parties.
- A federal system to accommodate regional demands.
- The new legislature to resign as soon as the new constitution is written.

Nevertheless, Gonzales undoubtedly expects to cooperate with the new government although he himself probably would not accept a cabinet post.

25X1 [] The Communist Party, which won 7.5 percent of the vote, professes to be satisfied with that figure in view of its long period of being underground and the short time for campaigning. Party leader Carrillo came a long way toward gaining respectability, an important element in his plan to re-create in Spain the Italian political situation. But the low vote for the Communists should reassure the rightists. The Communists now plan to concentrate on the municipal elections, which are expected before the end of the year, though a postponement is a distinct possibility.

25X1 [] The poor showing of the rightist Popular Alliance, which received only 8.1 percent of the vote, is a clear sign that the majority of Spaniards have turned their back on Franco-ism. []

NAMIBIA: Situation Report

25X1 [] *About 30 guerrillas of the South-West Africa Peoples Organization penetrated nearly 80 kilometers inside Namibia on Tuesday and attacked a car carrying the territory's senior white South African official and five high-ranking police officers.*

25X1 [] Officials said 500 shots were fired in the skirmish, which took place inside the capital of Ovamboland in northwest Namibia. None of the passengers in the vehicle was injured.

25X1 [] After the ambush, the guerrillas, who suffered one casualty, fled across the border into Angola. South African officials refused to discuss whether hot pursuit raids had been launched into Angola.

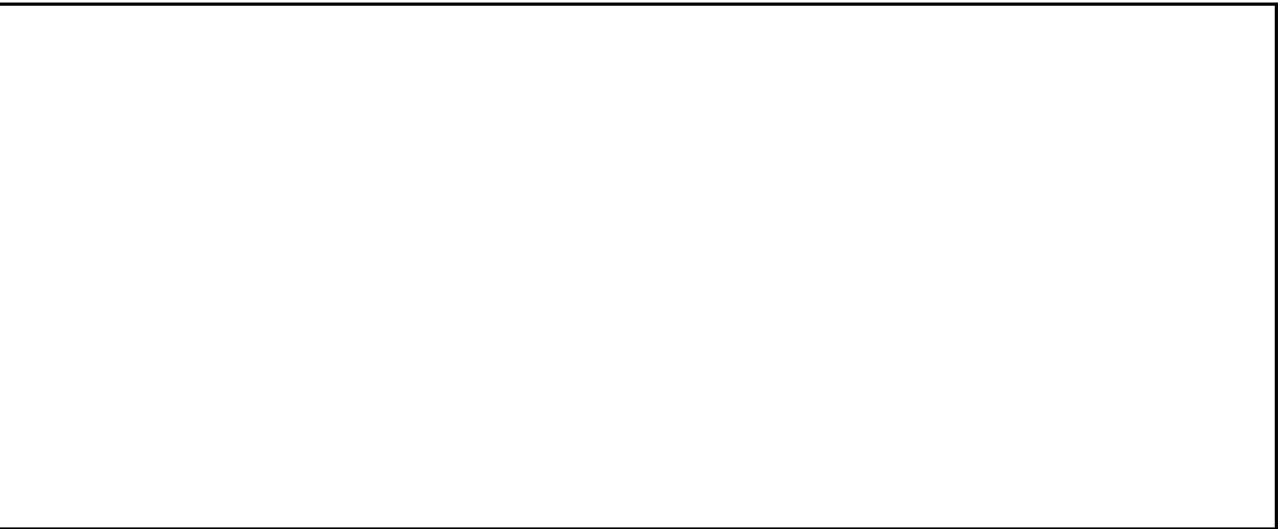
25X1 [] Although there has been recent sporadic small-scale guerrilla activity in northern Namibia and along the Caprivi Strip in the northeast, this is the first sizable SWAPO raiding party to strike deep inside Ovamboland. The large number of South African troops stationed along Namibia's northern border is a major deterrent to such activity. []

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VIETNAM: Food Situation

Severe weather has worsened Vietnam's chronic domestic rice shortage. The government has increased imports and taken steps to control consumption. Thus far, there is no evidence of widespread famine or popular reaction against the government because of food shortages.

Late last year, cold weather cut yields of the main autumn rice crop and hindered planting of the 1977 spring crop. During much of this year, drought has affected up to one third of the spring crop area in the north. Dry weather now threatens subsequent planting for the autumn crop in the north and possibly also in the south.



The spring harvest now nearing completion will provide some immediate relief if properly distributed, even though the crop is smaller than usual. Officials will use imports to cope with the seasonal shortage expected just prior to the autumn harvest.



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[REDACTED] At Vietnam's Fourth Party Congress last December, self-sufficiency in foodgrain production was put ahead of industrial growth as the primary goal of Vietnam's 1976 to 1980 five-year plan. The goal is remotely achievable, barring prolonged adverse weather and disruptive changes to the privately owned Mekong Delta farms. Reaching the goal would require considerable improvement in farm management, production incentives, and the use of irrigation, fertilizer, and machinery.

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[REDACTED] Rice production in the north has failed to keep pace with population growth for the past 15 years. Most of the slow overall growth can be attributed to inadequate management of collective farms, poor labor productivity, inefficient technology, and a lack of production incentives.

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[REDACTED] The war severely crippled rice output in the south during the 1960s, transforming the region from a major rice exporter to an importer. High technology cultivation and a strong profit incentive had revived production to the verge of self-sufficiency at a higher per capita consumption rate than the north when Hanoi gained control in 1975.

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[REDACTED] Rice output fell substantially that year because of market disruptions and farmers' uncertainty. Expansion of planted area, more double cropping, and stabilization of markets probably have not yet restored output in the south to the pre-takeover level. Per capita consumption, however, has been reduced. [REDACTED]

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SOUTH AFRICA: Soweto Anniversary

25X1 [] *The anniversary of the beginning of riots in the South African black township of Soweto a year ago has apparently passed without major violence. Most blacks apparently do not want a repetition of last year's violence, and a massive police presence at trouble spots throughout the country probably frustrated the plans of militant activists. Commemorative activities are scheduled through the weekend.*

25X1 [] Large numbers of security police patrolled the streets of Soweto in armored cars. One observer reported that he had never seen so many police in the township. Students called for residents to remain indoors until 10 am. Two demonstrations were dispersed during the day, and police reported five shooting incidents in different areas of Soweto last night. Nine black demonstrators were shot and wounded when they tried to prevent police from dismantling barricades that had been erected earlier.

25X1 [] The work boycott, which began yesterday, was only partially effective. Perhaps a majority of Soweto workers stayed home, but those in other townships around Johannesburg did not. The protection provided by police, who were present in large numbers around bus and train depots, may persuade most blacks to return to work.

25X1 [] Relative calm prevailed elsewhere in the country.
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INDIA: Elections

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[] Preliminary returns indicate that Indian Prime Minister Desai's Janata party won over 70 percent of the contested state assembly seats in eight northern states in elections yesterday. As a result, the party probably will be able to determine the outcome of the presidential election in August. The former ruling Congress Party trailed far behind in all ten states where elections were held.

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[] An independent communist party with strong local roots probably will win a majority in West Bengal. In Tamil Nadu in the south, a regional party maintained its hold over state politics.

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[] The Indian political scene is likely to be relatively quiet for the next few months. The leaders of the Janata party will concentrate on making their political organization more cohesive and on building a political base in the south. The Congress Party probably will enter a period of reassessment. There are likely to be more defections from the party and further efforts to oust supporters of former prime minister Indira Gandhi from positions of influence. The party probably will keep a low profile until its internal problems are settled.

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[] With popular elections out of the way--the Indian president is elected indirectly by the state and national parliaments--Desai will be able to turn his energies to domestic and foreign policies. The government will present the national budget in a few weeks, probably highlighting agricultural development, small scale industry, and job creation.

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[] The government's approach to foreign policy will continue to be low-keyed. Although still dependent on the USSR for aid, the Desai government has shown willingness to be more accommodating to the West as well as to assume a less intransigent posture at international conferences.

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[] Desai presumably will continue his cautious moves to improve relations with China. []

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TURKEY: Political Maneuvering

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[] *In a carefully worded press statement Wednesday, the leader of Turkey's National Salvation Party implied that his party would vote against an attempt by Prime Minister - designate Ecevit to form a minority government.*

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[] Salvationist leader Erbakan may have been speaking merely for effect to remind Ecevit of his party's swing role in the current political maneuvering. Erbakan, in fact, seems to prefer joining an Ecevit-led coalition if the opportunity arises instead of lending the Prime Minister - designate tacit support from the sidelines. Ecevit has not entirely ruled out a coalition with the Salvationists, although this is clearly last on his list of preferences.

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[] If the Salvationists have in fact decided to oppose a minority government, Ecevit has little chance of forming a government free of the constraints of coalition that have hobbled Turkish cabinets in recent years. Ecevit's attempts to attract enough independent-minded deputies to form a working majority have apparently faltered. The opposition of the other two principal parties to the concept of minority government, moreover, had left Ecevit's hopes hanging on the Salvationists.

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[] Ecevit might still be tempted to put a minority government to the test in the National Assembly. Such a government would have little to recommend it in terms of stability, and it is not at all certain that President Koruturk would accept the idea. []

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